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July 21, 2017

BY ECF

Hon. Lorna Schofield, U.S.D.J.
Southern District of New York
500 Pearl Street
New York, New York 10007

Re: *Bimo Development LLC v. Urban Standard Development LLC*, No. 17 Civ. 3274 (S.D.N.Y.)

Dear Judge Schofield:

I represent defendant, Urban Standard Development LLC (ñDefendantò or ñUSDò), in the above action. I write under Your Honorôs Individual Practice § III(A)(1) to request a pre-motion conference, or alternatively for the Court to set a briefing schedule, ahead of filing a Rule 11 motion for the reasons set forth below.

According to the Complaint, Plaintiffôs exclusive licensee, Urban Standard General Contracting LLC, is a general contractor offering construction services to members of the public under the service mark ñUrban Standardò. *Id.* ¶¶ 7, 13. In relevant part, Plaintiff alleges that Defendant is liable for trademark infringement and deceptive consumer practices in that: (i) Defendant uses the marks URBAN STANDARD, URBAN STANDARD DEVELOPMENT, and URBAN STANDARD CAPITAL (ñDefendantôs Marksò) to advertise, market, offer to render, and render construction and contracting services (*see*, *e.g.*, *id.* at ¶¶ 36-55, 67, 74, 75, 83, 84, 91, 92, 100, 101); (ii) Defendant advertises, markets, offers to render, and renders such services in connection with Defendantôs Marks ñto consumers interested in building or renovating residential and commercial spacesò (*id.* ¶ 43; *see also*, *e.g.*, *id.* ¶¶ 45, 49, 55, 74, 75, 84, 91, 92, 100); (iii) Defendantôs website advertises that Defendant offers ñóconstruction managementôservicesò (*id.* ¶ 39 & Ex. ñCò thereto); and (iv) Defendant is misleading and deceiving consumers by ñpalming offò its services as those of Bimoôs (*id.* ¶¶ 92-93, 100-101) (collectively, the allegations in subparagraphs (i) through (iv) above are referred to herein as the ñFrivolous Allegationsò).

Each of the Frivolous Allegations is utterly untrue. As Defendantôs attorneys have repeatedly stressed to Plaintiffôs counsel both before and after commencement of this litigation, Defendant is the portfolio manager of an affiliated private equity fund that invests in real property interests in New York City through a series of single-purpose LLCs. Defendant and its affiliates thus acquire, manage, lease, finance, and sell real property interests. Critically, however,

Defendant does *not* provide (and has never provided) construction and contracting services at allð not even to its own affiliates, let alone to the public. Defendant does not hold itself out as a general contractor or hire subcontractors, as the Complaint speciously maintains (*id.* at ¶¶ 40-41). Indeed, when construction or renovation services are required at properties under Defendantôs purview, Defendantôs affiliates hire and pay unaffiliated third-party contractors to perform such services. Defendant does have an affiliated property management company, PAD Management LLC, which provides maintenance services for the subject properties, but any such services rendered (and management and construction are not the same thing) are performed under PAD Managementôs name, without using the ñUrban Standardò moniker. In any event, all workð construction, renovation, maintenance, or otherwiseð is performed solely on the account (and for the benefit) of Defendantôs affiliates, not for consumers or members of the public. Defendantôs Marks are never used or displayed on any construction or renovation sites. Unlike Plaintiffôs website, which contains a ñHire Usò link for members of the public to inquire about hiring Plaintiff as a contractor, Defendantôs website solicits communications *solely* from owners of real property who might wish to sell their property or originate a commercial loan with Defendant.[1] Defendant does not sell construction or contracting services to members of the public and never has. If a consumer were to contact Defendant to request such services, Defendant would turn that person away. Indeed, Defendant does not have any customers at all.

Despite this, the Complaint falsely alleges that ñ[c]onsumers who become aware of, purchase or consider purchasing services from Defendant are likely to believe that such services originate from or are associated with, connected to, affiliated with, or related to Bimoò (*id.* ¶ 49); that Defendant ñpalms offò its alleged construction and renovation services as those of Plaintiff (*id.* ¶ 92); and, most shocking of all, that ñ***Defendant has marketed and continues to mark[et] its construction and renovation services*** in connection with its US Infringing Marks ***including to Bimo's consumers and potential consumers***ò (*id.* ¶ 45) (emphasis added).

Each of the Frivolous Allegations is materially false, lacks evidentiary support, and will not ñlikely have evidentiary support after a reasonable opportunity for further investigation or discovery[.]ò Fed. R. Civ. P. 11(b)(3). Accordingly, by a 21-day ñsafe harborò letter sent to my adversary on June 23, 2017 under Rule 11(c)(2), enclosing a notice of motion and setting forth in detail the grounds for a motion,[2] I demanded that Defendant withdraw the Frivolous Allegations by July 14, 2017, which was also the deadline to file an amended complaint without leave of the

[1] In no way does Defendantôs website discuss ñits óconstruction managementô servicesò as falsely claimed in the Complaint (*id.* at ¶ 39 & Ex. ñCò thereto). The words ñconstruction managementò appear *only* in a description of one of Defendantôs principalsô real estate *experience*, not as services that are being offered to the public.

[2] No further supporting papers, beyond the notice of motion and letter setting forth the alleged sanctionable conduct, need be served to comply with Rule 11(c)(2)ôs 21-day safe harbor provisions. *See Star Mark Mgmt. Inc. v. Koon Chun Hing Kee Soy & Sauce Factory, Ltd.*, 682 F.3d 170, 176-77 (2d Cir. 2012).

Court. On July 14, 2017, Plaintiffôs counsel conclusorily replied without explanation that the Complaint satisfies Rule 11 and therefore would not be amended or withdrawn in any respect.

ñA pleading violates Rule 11(b)(3) where óafter reasonable inquiry, a competent attorney could not form a reasonable belief that the pleading is well grounded in fact.ôò *In re Australia and New Zealand Banking Group Ltd. Securities Litigation*, 712 F.Supp.2d 255, 263 (S.D.N.Y. 2010), quoting *Kropelnicki v. Siegel*, 290 F.3d 118, 131 (2d Cir. 2002). ñAn argument contains a frivolous legal positioné if, under an óobjective standard of reasonableness,ôé it is clearé there is no chance of successé .ò *Caisse Nationale de Credit Agricole-CNCA, New York Branch v. Valcorp, Inc.*, 28 F.3d 259, 264 (2d Cir. 1994) (citations omitted). A Rule 11 motion must be ñserved promptly after the inappropriate paper is filed, and if delayed too long, may be viewed as untimely.ò Fed. R. Civ. P. 11 Advisory Committee Notes (1993 amendment); *see, e.g.*, *In re Pennie & Edmonds LLP*, 323 F.3d 86, 89 (2d Cir. 2003).

Moreover, it is well settled that for purposes of the Lanham Act, ñservices must not be solely for the benefit of the performer; the services must be rendered to others[.]ò *Morningside Group Ltd. v. Morningside Capital Group, L.L.C.*, 182 F.3d 133, 138 (2d Cir. 1999). Provision of services to a defendantôs own ñbranches or affiliatesò does not constitute ñservicesò within the meaning of the Lanham Act. *Id.*; *see In re Canadian Pacific Ltd.*, 754 F.2d 992 (Fed. Cir. 1985).

The Frivolous Allegations are at the heart of Plaintiffôs case, and no competent attorney could reasonably believe them to be well-grounded in fact. No consumer ever purchased anything from Defendant, which never provided or offered to provide construction or renovation services to anyoneð not even its own affiliates. Defendantôs fund management services are solely provided to benefit Defendantôs own affiliates and investors, not any member of the public. Plaintiffôs case is doomed for several reasons, including that Defendant has never rendered ñservicesò for Lanham Act purposes under *Morningside Group*. To avoid inevitable dismissal, Plaintiff and its attorneys apparently chose to manufacture the Frivolous Allegations, which, while completely false, nonetheless will impose significant costs on Defendant to litigate.

Defendant thus asks this Court to schedule a pre-motion conference or alternatively to set a briefing schedule on Defendantôs contemplated Rule 11 motion. Plaintiff and its attorneys could not possibly have evidence to support the Frivolous Allegations in the Complaint, nor could they reasonably anticipate that such evidence is ñlikelyò to emerge if given the opportunity to conduct discovery. They therefore should be ordered to pay sanctions, including Defendantôs legal fees, when the Court inevitably reaches the same conclusion.

Thank you in advance for your consideration of this application.

Very truly yours,

/s/ Simon W. Reiff
Simon W. Reiff